

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
Of the Franchise Investment Protection Act by:

Todai Franchising LLC, Hyung Min Kim, their  
agents and employees,

Respondents.

ORDER NUMBER: S-03-167-03-CO01

CONSENT ORDER

**INTRODUCTION**

Pursuant to the Franchise Investment Protection Act of Washington, the Securities Division, Department of Financial Institutions, and Respondents, Todai Franchising LLC and Hyung Min Kim, do hereby agree to this Consent Order in settlement of the above captioned matter. Respondents neither admit nor deny the Findings of Fact or Conclusions of Law as set forth below.

**FINDINGS OF FACT**

**I. Respondents**

1. Todai Franchising, LLC (Todai), is a California Limited Liability Company located at 3700 Wilshire Boulevard, Suite 560, Los Angeles, California 90010. Todai was organized on September 24, 1997.

APPLICATION FOR ADJUDICATIVE HEARING

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**DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760**

2. Hyung Min Kim (“Kim”) is a California resident, is the Chief Executive Officer of Todai and served as such at all times relevant to the matters herein.

## **II. Nature of the Offering**

3. On May 28, 2003, Todai Franchising, LLC, filed a franchise registration application with the Division.

4. Prior to or in early June 2003, Kim contacted a prospective franchisee and offered to sell her a Todai franchise to be located in Seattle, Washington. Kim provided the prospective franchisee with a Uniform Franchise Offering Circular (UFOC) on or about June 25, 2003.

5. Kim told the prospective franchisee that she could expect monthly sales of \$30,000 to \$40,000 based upon the record of other Todai restaurants of similar size. The UFOC did not contain any financial information for Todai, such as audited or unaudited financial statements. The prospective franchisee stated she never received oral or written financial information for Todai.

6. Kim provided the prospective franchisee with a franchise agreement that stated that Todai “grants to Franchisee, and Franchisee accepts, a non-exclusive license and franchise to participate in and use the System by conducting the franchised business at the Store within the exclusive Territory.” The franchisee signed the Todai franchise agreement on June 25, 2003.

7. According to the franchise agreement and prior to opening the restaurant, the franchisee was required to pay a \$250,000 as a franchise fee. Further, according to the agreement, the franchisee is required to pay a \$4,000 per month royalty fee (up to monthly net sales of \$300,000) and a monthly advertising fee of \$1,667 to Todai.

8. Prior to or in late June 2003, Kim contacted a second prospective franchisee and offered to sell her a franchise to operate a pre-existing Todai restaurant located in Redmond,

Washington. Kim provided the prospective franchisee with the Todai UFOC on June 25, 2003. The franchisee signed the Todai franchise agreement on June 25, 2003.

9. Kim told the prospective franchisee that she could expect monthly sales of \$30,000 to \$40,000 based upon the past performance of Redmond Todai restaurant. The UFOC did not contain any financial information for Todai, such as audited or unaudited financial statements, and Kim did not provide written financial information for the Redmond Todai restaurant.

### **III. Registration Status**

10. Todai Franchising, LLC and Hyung Min Kim were not registered to offer and/or sell franchises in the state of Washington at all times relevant to the matters alleged herein.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

## **CONCLUSIONS OF LAW**

### **I. Franchise**

1. The offer and/or sale of the franchise opportunity described in the Findings of Fact above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and (15) and (16).

### **II. Violation of RCW 19.100.020**

2. The offer and/or sale of the franchises is in violation of RCW 19.100.020 because no registration for such offer and/or sales is on file with the Securities Administrator of the State of Washington.

### **III. Violation of RCW 19.100.080**

3. The offer and/or sale of said franchise is in violation of RCW 19.100.080 because Todai and Kim failed to provide franchisees with material information regarding the purchases of the Todai franchises, including but not limited to a failure to provide the purchasers with material financial information, including current financial statements.

### **CONSENT ORDER**

Based upon the foregoing:

IT IS THEREFORE AGREED AND ORDERED that Todai Franchising, LLC and Hyung Min Kim shall cease and desist from the offer and sale of unregistered franchises in the State of Washington in violation of RCW 19.100.020.

IT IS FURTHER AGREED AND ORDERED that Todai Franchising, LLC and Hyung Min Kim shall cease and desist from the offer and sale of franchises in the State of Washington in violation of RCW 19.100.080.

IT IS FURTHER AGREED that Todai Franchising, LLC and Hyung Min Kim shall be liable for and shall pay the Securities Division two thousand and five hundred (\$2,500) for its costs incurred in its investigation of this matter.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

In consideration of the foregoing, Todai Franchising, LLC and Hyung Min Kim, each waive the right to a hearing in this matter and to judicial review

of this Order.

**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

SIGNED this 26<sup>th</sup> day of November, 2003.

Signed by:

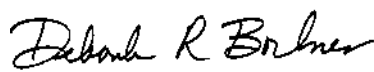
By /s/ Hyung Min Kim  
For Todai Franchising, LLC by CEO Hyung Min Kim

Signed by:


/s/ Hyung Min Kim  
Hyung Min Kim, individually

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**THIS ORDER ENTERED THIS 3<sup>rd</sup> DAY OF December, 2003 BY:**

  
DEBORAH R. BORTNER  
Securities Administrator

Approved by:

  
Michael E. Stevenson  
Chief of Enforcement

Presented by:

  
Martin Cordell  
Financial Legal Examiner